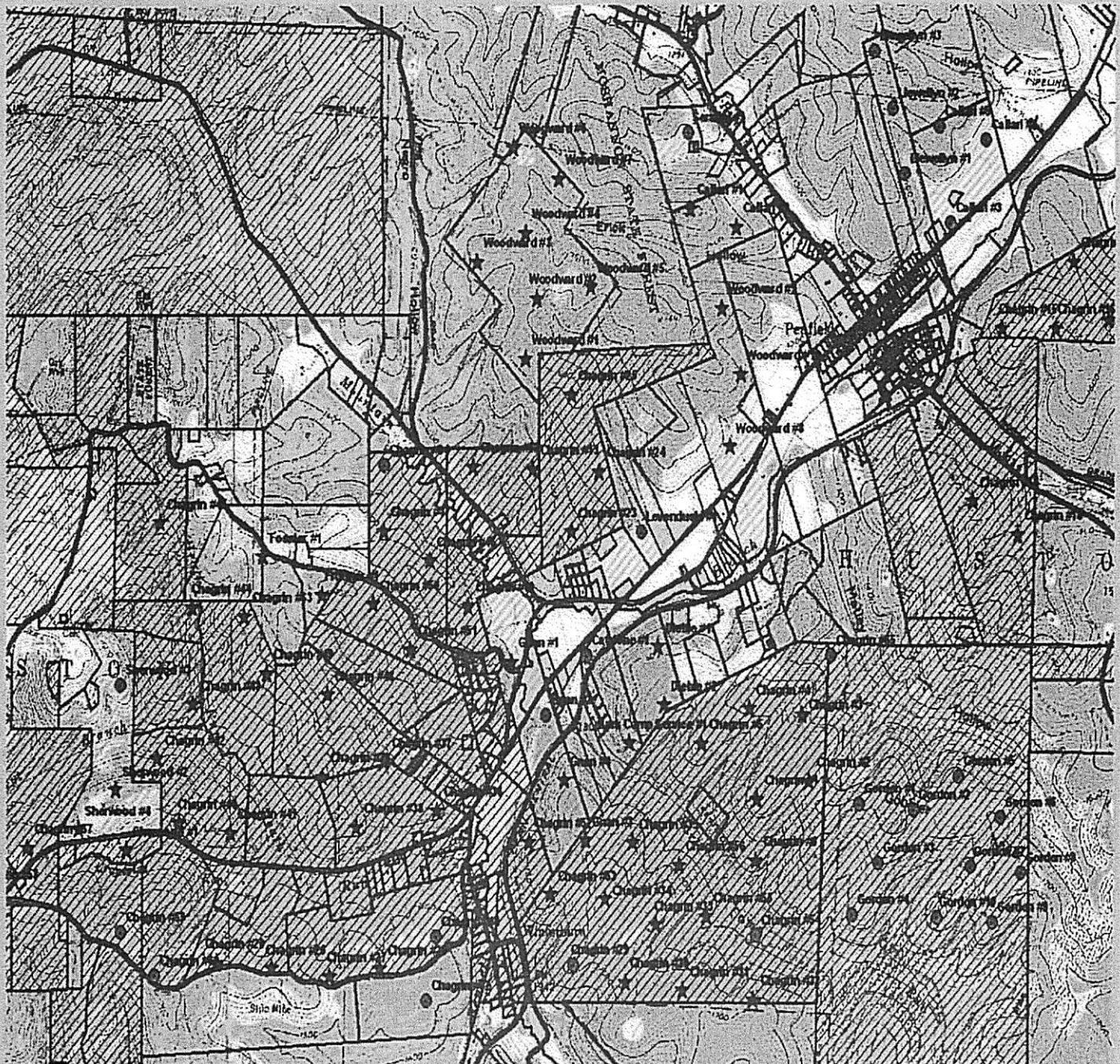


Planning Sabula Field 2006 (After)



Estimated PDP's (Proved Developed Producing) Reserves
73 producing wells with an estimated 25.5 BCF (Billion Cubic Feet)

- Proposed Locations
 - ★ Producing Wells – [Mieka joined with industry partners]

MIEKA 000664

APP 00029

GOOD FORTUNE!

Mieka Exit Strategy

SALE

Part of a 200 + well sale to Exco . . . *total sales price* \$42,000,000
November 2004

Mieka partnership's portion \$2,763,338

43 wells to Linn Energy \$8,300,000
February 2006

The following contains certain historical data concerning the prior drilling ventures sponsored by The Mieka Corporation. Investors should be cautioned that prior performance may not be indicative of future returns. There can be no prediction as to the future production, if any, of any well to be drilled. Each oil and gas well has unique characteristics and Mieka believes that a Venturer cannot predict future performance of any given well based upon the performance of a prior well, even if the prior well was drilled in the same area. Mieka further believes the rates of return and/or production, or lack thereof, related to prior programs are not material as indicative of the future performance of this Joint Venture.



5

BILLMAN GEOLOGIC CONSULTANTS, INC.

TO: MR. DARO BLANKENSHIP, MIEKA CORPORATION
FROM: DAN A. BILLMAN, PG, CPG, PRESIDENT, BILLMAN GEOLOGIC CONSULTANTS, INC.
SUBJECT: MARCELLUS GEOLOGIC REVIEW OF MIEKA CORP. PROPERTY, CRABTREE PROSPECT,
WESTMORELAND COUNTY, PENNSYLVANIA
DATE: 08/03/2010
CC:

Mieka Corporation has requested that Billman Geologic Consultants, Inc. review potential Marcellus shale acreage, located in Hempfield Township, Westmoreland County, Pennsylvania (Figure 1). Mieka Corp. plans on drilling one vertical well and one horizontal well (depicted on Figure 1) at this time. Billman Geologic Consultants has not verified ownership or completed a site visit as part of the geologic and economic review of this property.

General Marcellus Geology

The Marcellus Shale is Middle Devonian in age and the lower member of the Hamilton Group (Figure 2). The Marcellus Shale is an organic-rich, black shale; whereas the remaining shales of the Hamilton Group are gray shales. The Marcellus Shale lies above the Onondaga Limestone.

The Westmoreland County acreage position is situated in the Marcellus Shale fairway (Figure 3), as defined by the USGS shale thickness mapping. If drilling vertical wells in northeastern Luzerne County, one would expect to encounter greater than 100 feet of Marcellus Shale (Figure 4) with thermal maturity of approximately greater than 2.0% Ro (Figure 5). Typical shale plays range in thermal maturity from 1.0% to 3.0% Ro. In western Wyoming County, Pennsylvania one may encounter drilling depths to the base of the Marcellus Shale in the 8,000' +/- range (Figure 6).

Historical Deeper Drilling in the Area of the Crabtree Prospect

Pennsylvania has a rich history of oil and natural gas exploration and production (Figure 7). Although Westmoreland County, up until recently was considered an "Upper Devonian" producing county, some historic deeper drilling activity has occurred in the county.

MIEKA 000666

APP 00031

In 1945 and 1946, Railway Steel Spring Co., drilled the L.C. Steiner #1 (129-00646) to a total depth of 8,020', into the Huntersville Chert and Oriskany Sandstone. The well is located in Unity Township, Westmoreland County, and east of the Crabtree prospect. The Marcellus shale was encountered from approximately 7,500 to 7,783. No show of gas was reported in the Marcellus Shale. The well was eventually plugged back and completed in the 1st Bradford and 2nd Bradford.

In the 1964, W.H. Haupt Co. drilled the G.M. Miller #1 (129-20396) to a total depth of 7,809', to the Silurian Helderberg Limestone. The well is located in Unity Township, Westmoreland County. The Marcellus shale was encountered from 7,450' to 7,591' (Figure 8). No gas show was reported in the Marcellus Shale. The well was completed and is producing from the Oriskany Sandstone.

In the 1964, Peoples Natural Gas Company drilled the Eidemiller Enterprises, Inc. #1 (129-20405) to a total depth of 7,527', to the Silurian Helderberg Limestone. The well is located in Unity Township, Westmoreland County. The Marcellus shale was encountered from 7,182' to 7,322' (Figure 9). No gas show was reported in the Marcellus Shale. The well was initially completed in the Oriskany Sandstone and Huntersville Chert.

Recent Marcellus Activity in area of Mieka Corp.'s Crabtree Prospect

In Salem Township, Westmoreland Co., just north of the Crabtree Prospect, Atlas Resources has drilled numerous Marcellus wells. In March of 2009, the Smith #21 (129-27508) was drilled vertically to a depth of 8,313'. The well was completed in two stages from 8,206' – 8,231' and 8,105' – 8,180' and had an after completion open flow of 450 mcf/d with 1850 psi rock pressure after 48 hours.

In September of 2009, Atlas drilled the Carr #19A (129-27943) vertically, to a total depth of 8,536'. The well was completed with two stages from 8,287' – 8,327' and 8,200' – 8,260'. The well had a reported after completion open flow of 750 mcf/d with 2050 psi rock pressure.

Atlas followed that well up with the vertical well, Kepple #5 (129-27942) drilled in October of 2010. The Kepple #5 reached a total depth of 8,514' and had a single stage completion in the Marcellus shale from 8,158' – 8,174'. The well had a reported after completion open flow of 750 mcf/d with 1985 psi rock pressure after 48 hours.

In November of 2010, Atlas drilled a horizontal well in Salem Township, Westmoreland County. The Kepple #4H was drilled to a total depth of 10,550'. The well was completed in multiple stages along the horizontal lateral, from 8,370' – 10,442'. The well had an after completion open flow of 2,800 mcf/d with 2200 psi rock pressure in 48 hours.

Recent Activity in the Marcellus Play

Vertical Wells:

The Mieka Corporation, Crabtree Prospect, Westmoreland County acreage position lies strategically within an area bounded by Range Resources and Atlas Energy (Figure 10). Range Resources has been one of the key companies in drilling, completing and producing Marcellus wells in southwestern Pennsylvania and has been active in Washington and Greene Counties, PA. Range Resources initially began its Marcellus Shale exploration and development programs drilling vertical wells. Range's initial tests indicate vertical wells with estimated ultimate recoverable (EUR) gas of 0.6 BCF to 1.0 BCF (Figure 11).

Atlas Energy Resources, LLC has also had success with its vertical wells drilled in Greene, Washington and Westmoreland Counties, southwestern Pennsylvania. From a February 21, 2008 press release, Atlas announced....

"Wright & Company, Inc., the Company's independent petroleum engineering consultants, has evaluated Atlas Energy's first 14 southwestern Pennsylvania Marcellus wells and assigned proved reserves that averaged 961 million cubic feet ("Mmcf") per well. These wells included 5 initial wells where the Company utilized first generation completion techniques. For the 9 subsequent wells where Atlas Energy implemented its advanced drilling, completion and production techniques, Wright & Company assigned reserves that averaged 1.3 billion cubic feet ("Bcf") per well and were as high as 1.8 Bcf. These results imply finding and development costs of approximately \$1.00 per thousand cubic feet ("mcf")."

"Since implementing the advanced drilling, completion and production techniques, Atlas Energy's initial daily rates (24 hours) into a pipeline have averaged 1.3 Mmcf per day, and have been as high as 2.6 Mmcf per day, in southwestern Pennsylvania. Based on published reports, to the Company's knowledge, these are the best initial daily production rates of any vertical wells in the Marcellus play. In response to these results, Atlas Energy plans to drill and complete at least 150 vertical Marcellus Shale wells over the next 18 months."

Although Atlas Energy has reported success of 1+ BCF from later vertical wells, it is rumored that many of these were dual completions with the deeper Huntersville Chert. The initial reported success of 0.96 BCF per vertical seems to be a more reasonable expectation.

Range Resources has been one of the key companies in drilling, completing and producing Marcellus wells in southwestern Pennsylvania and has been active in Washington and Greene Counties, PA. Range Resources initially began its Marcellus Shale exploration and development programs drilling vertical wells. Range's initial tests indicate vertical wells with estimated ultimate recoverable (EUR) gas of 0.6 BCF to 1.0 BCF (Figure 11). Most of Range Resources recent activity in southwestern Pennsylvania has been horizontal drilling. From a July 14, 2008 press release, Range announced.....

"Through the first quarter of 2008, Range has announced results for 15 horizontal wells. The last 10 reported horizontal wells had an average peak initial rate of 4.1 Mmcf per

day. Five additional horizontal wells are in various stages of completion and testing. The results on several of these wells are expected to be available by the time of our second quarter earnings release later this month. Based on the results to date, Range estimates that the gross average reserves per horizontal well are in the range of 3 to 4 Bcfe. In a development mode, Range anticipates that a typical Marcellus horizontal well will cost \$3 to \$4 million. Based on results to date, estimated finding and development costs range from \$0.90 to \$1.60 per mcf. Based on its current technical evaluation of the Marcellus Shale formation, Range estimates gas in place in the core SW and NE areas will range from 70 to 150 Bcf per section with variation attributable to thickness, depth, porosity, reservoir pressure and total organic carbon of the shales."

Horizontal Wells:

Range Resources has also been a leader in drilling horizontal Marcellus Shale wells. To date, from its southwest region wells, Range Resources indicates it will ultimately produce 3.0 BCF to 4.0 BCF per horizontal well (Figure 12). From an October 21, 2009 press release, Range announced.....

"Marcellus Shale production is on plan and now exceeds 80 Mmcfe per day net and is expected to approach the higher end of the previously increased target of 90 - 100 Mmcfe per day net by year-end 2009. From inception, Range has drilled 77 horizontal Marcellus Shale wells, of which 60 have been completed and 54 are on production. The Company expects to drill and case approximately 20 additional horizontal wells in the Marcellus Shale play during the fourth quarter 2009 and carry over approximately 20 for completion in 2010. The Marcellus division is currently running a total of five horizontal rigs. We anticipate entering 2010 with six custom-built horizontal rigs."

Rex Energy is currently drilling Marcellus wells in southwestern Pennsylvania (Figure 13), including Westmoreland County, PA. Rex Energy's projected economics for horizontal wells are included as Figure 13. Rex has indicated a general 1:1, "rule of thumb" relationship between initial open flow (measured in MMCF/D) and ultimate reserves (measured in BCF). Therefore a well making 3.0 MMCF/D would roughly have ultimate reserves of approximately 3.0 BCF (Figure 14).

Conclusions

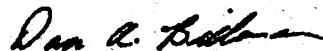
All indications are that the Mieka Corporation, Crabtree Prospect acreage of Hempfield Township, Westmoreland County is within the Marcellus Shale "productive fairway".

Based on the early success of the Range Resources and Atlas Energy, in the immediate area, an average vertical well could yield reserves of 0.75 BCF/well. Given the later data released and the assumption that a well drilled today is a little further down the learning curve, an upside of 1.0+ BCF per well is assumed reasonable. Given the success of recent horizontally drilled wells in the immediate area, an average horizontal well could yield reserves of 2.5 BCF/well (based solely on the nearby Atlas well). Given the later data released and the assumption that a well drilled today is a little further down the

learning curve, an average range of 3.0 to 4.0 BCF per well is a reasonable assumption. An upside horizontal wells could be in the 5.0 – 7.0 BCF range.

Given the limited production data, it is not possible to classify potential wells on the Hayden-Harper acreage position as "proven, possible or probable". However, the data reviewed indicates that the entire acreage position is within the "accepted" Marcellus Shale fairway and has potential for Marcellus Shale production.

Respectfully submitted by:



Dan A. Billman, PG, CPG
President, Billman Geologic Consultants, Inc.

DISCLAIMER

This document includes forward-looking statements as well as historical information. Forward-looking statements include, but are not limited to statements relating to geological and seismic data interpretations, prospect reserve estimates and prospect risk. Although BGC believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward-looking statements. Investment in oil and gas exploration is high risk by its very nature. Important factors that could cause actual results to differ from these forward-looking statements include, but are not limited to: erroneous interpretations of the seismic and geological data; the inability to acquire leases on identified prospects; mechanical problems while drilling and producing wells which prevent completion of a well or result in plugging of a well; dry holes; less reserves than originally estimated due to poor sand development or drainage by offsetting wells; non-commercial wells; and the variations in future gas pricing. BGC cannot and has not beyond normal due diligence care standards confirmed the accuracy and completeness of all the information we have reviewed in the course of this consulting engagement. Data for this review has been provided by Mieka Corporation or is publicly available and BGC, Inc. cannot be held responsible for errors in this provided data. Further, we express no opinion regarding any legal or securities issues. BGC shall assume no liability whatsoever for the use or reliance there upon by Mieka Corporation, their clients and/or their investors, of information, opinions and interpretations provided by BGC. BGC reserves the right to adjust these findings and interpretations with the discovery of relevant data or future production data.

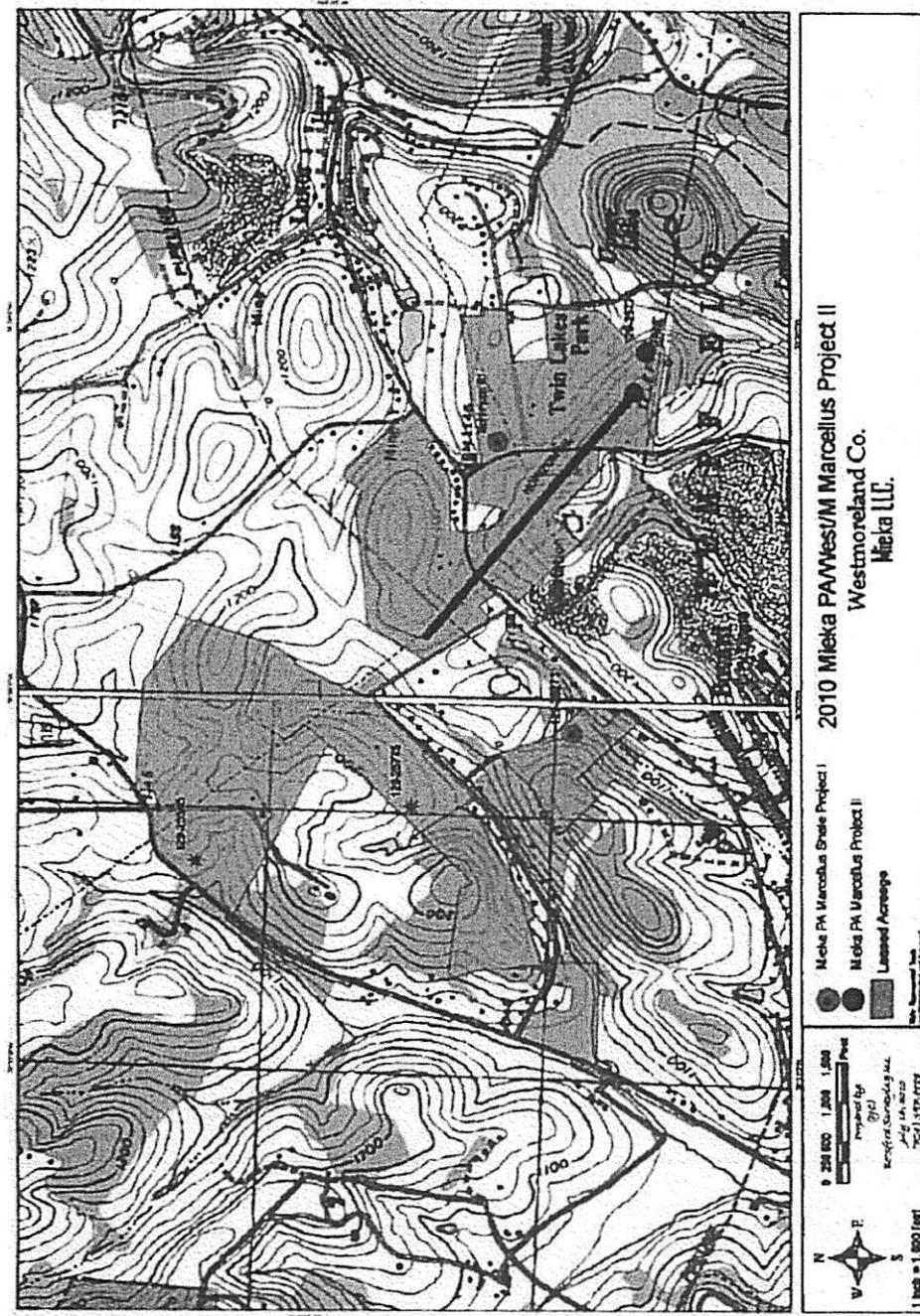


Figure 1: Location of Mieka Corporation properties, Hempfield Township, Westmoreland County, Pennsylvania.

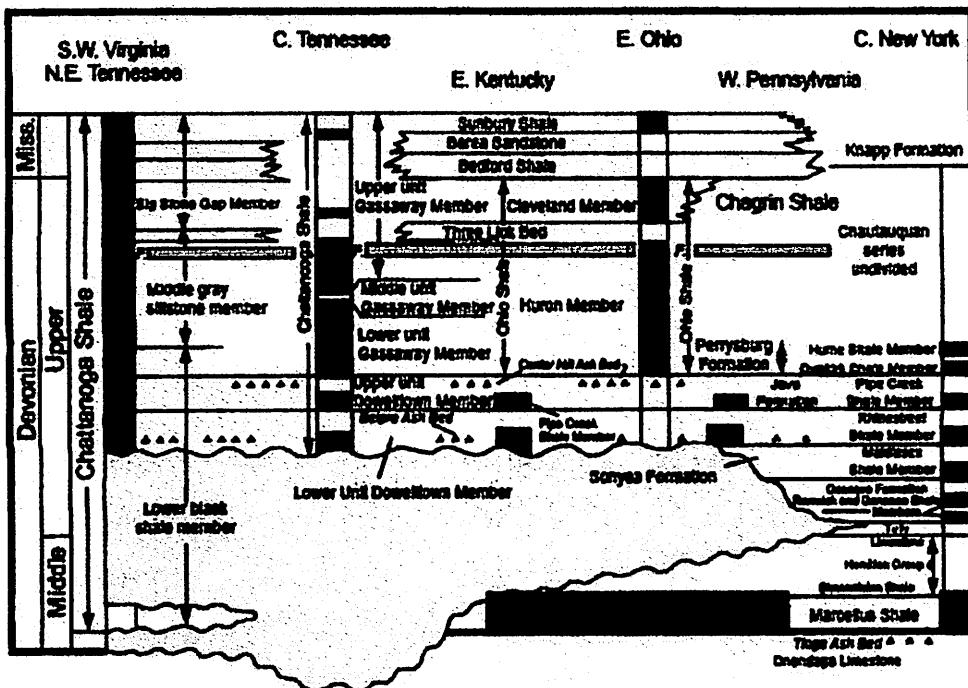


Figure 6. Correlation of Devonian and Mississippian black gas shales and some related rocks in the Appalachian basin (slightly modified from deWitt and others (1993)). F. Foerstia zone; ▲, ash bed.

Figure 2: Stratigraphic Section of the Middle and Upper Devonian. The Marcellus shale is Middle Devonian in age. From Assessment of Natural Gas Resources in Devonian Black Shales, Millici, 2005.

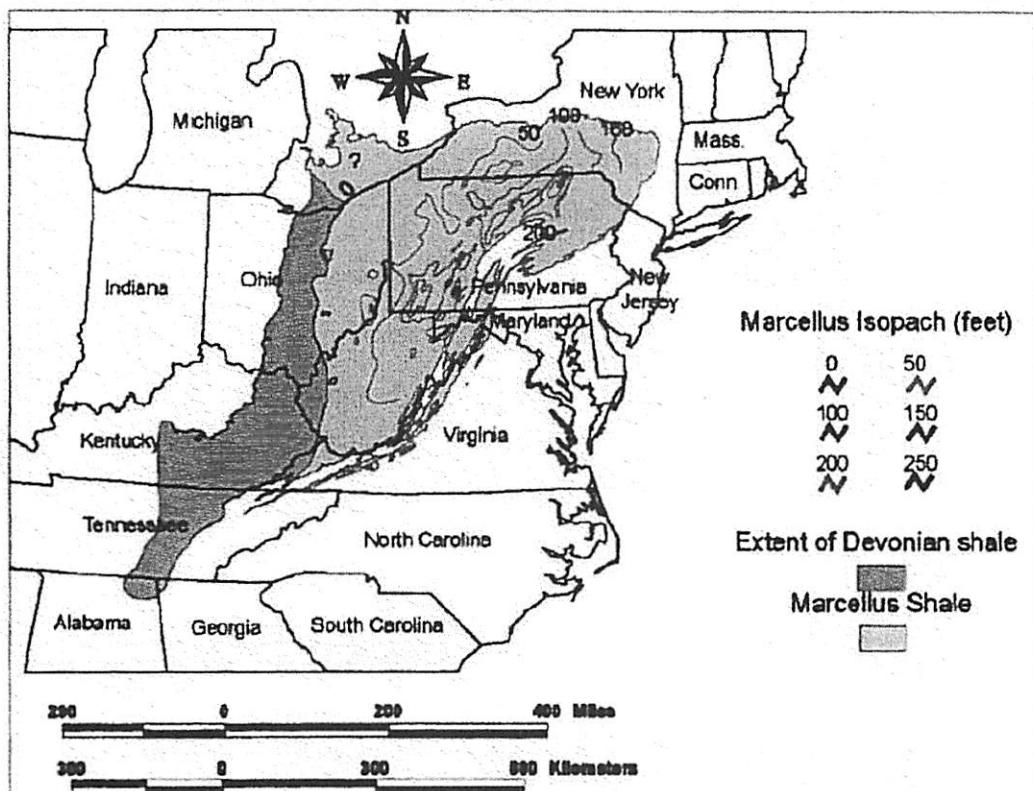


Figure 3: Marcellus fairway (Gray shaded area). From Assessment of Natural Gas Resources in Devonian Black Shales, Millici, 2005.

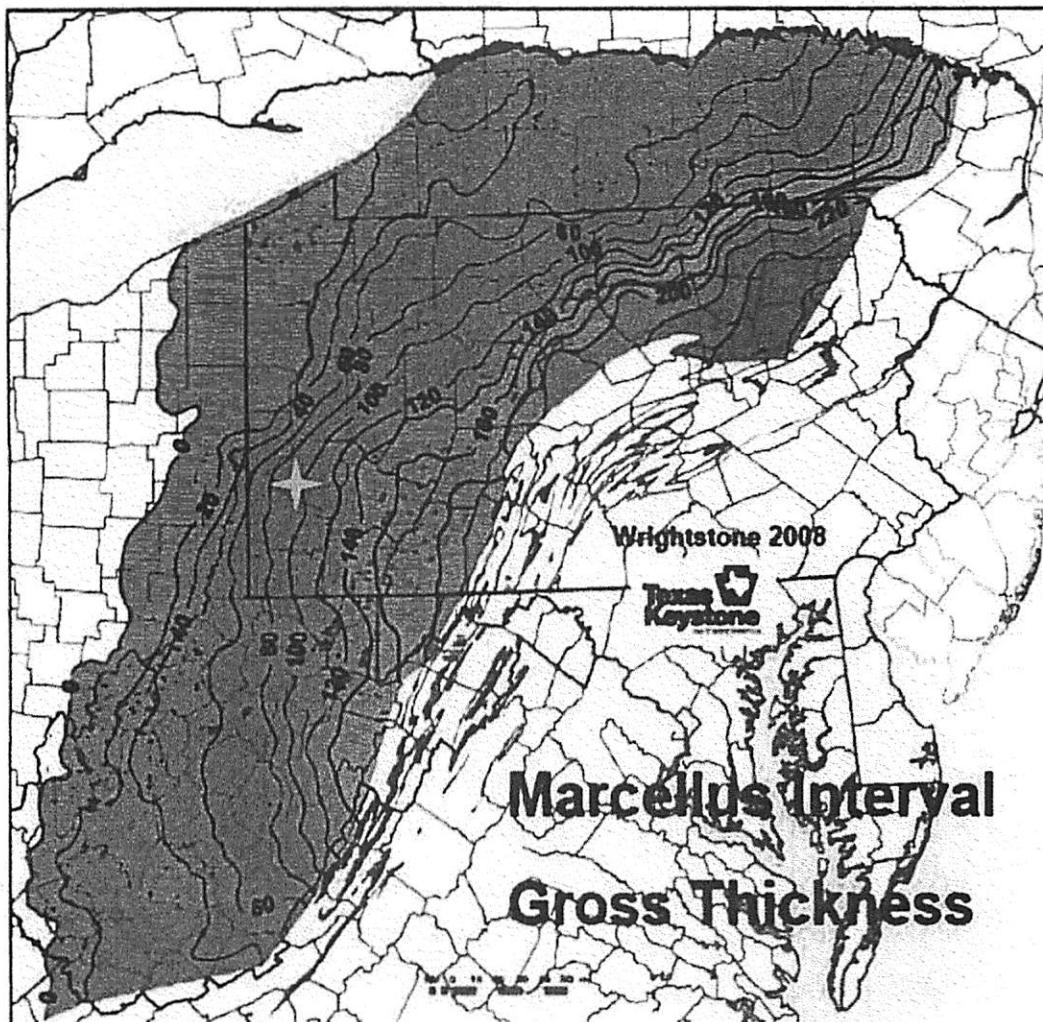


Figure 4: Marcellus thickness isopach. From Marcellus Shale Geologic Controls on Production, G.R. Wrightstone, 2009. Yellow star depicts approximate location of the Crabtree prospect.

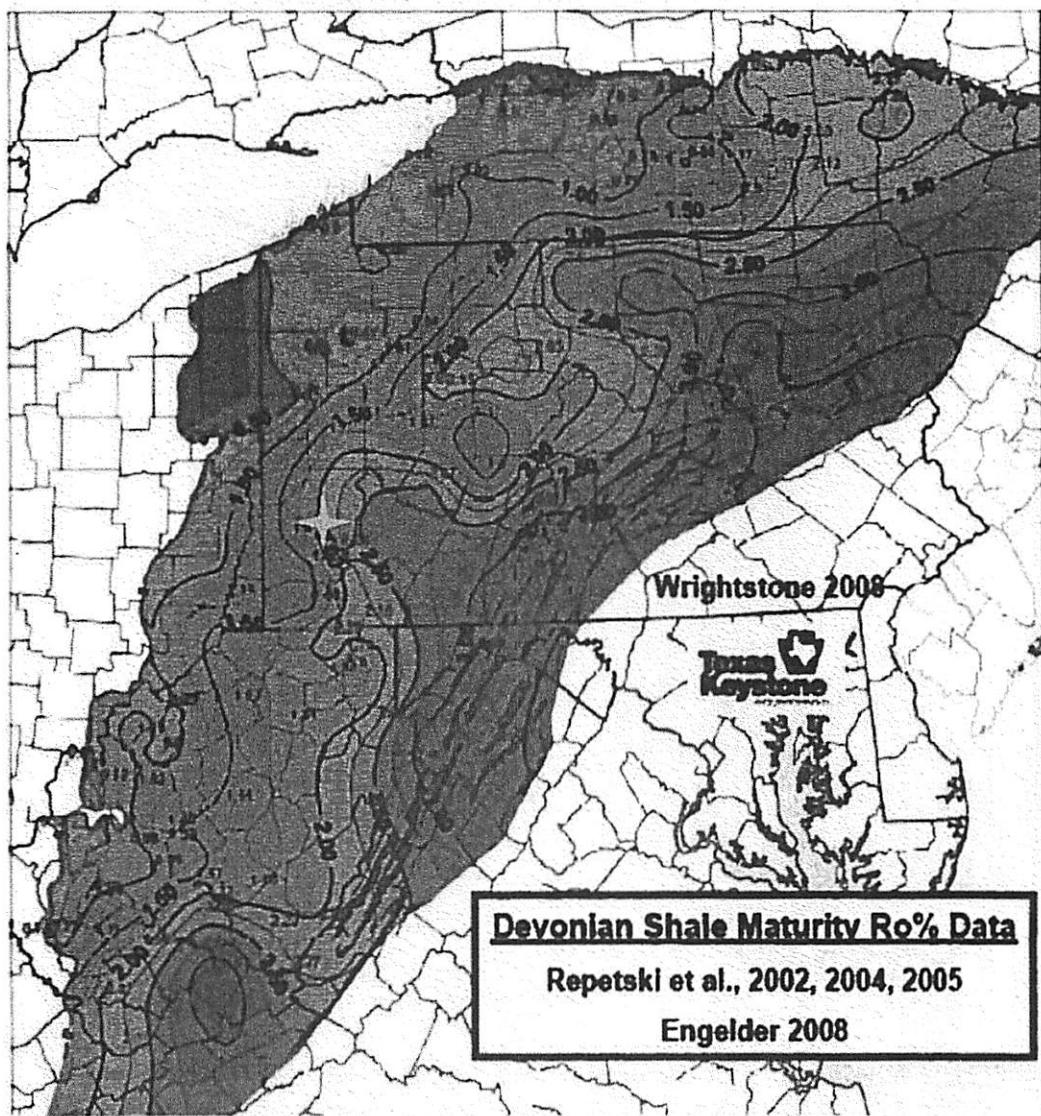


Figure 5: Thermal Maturation (%Ro) of the Devonian Section. From Marcellus Shale Geologic Controls on Production, G.R. Wrightstone, 2009. Yellow star depicts approximate location of the Crabtree.

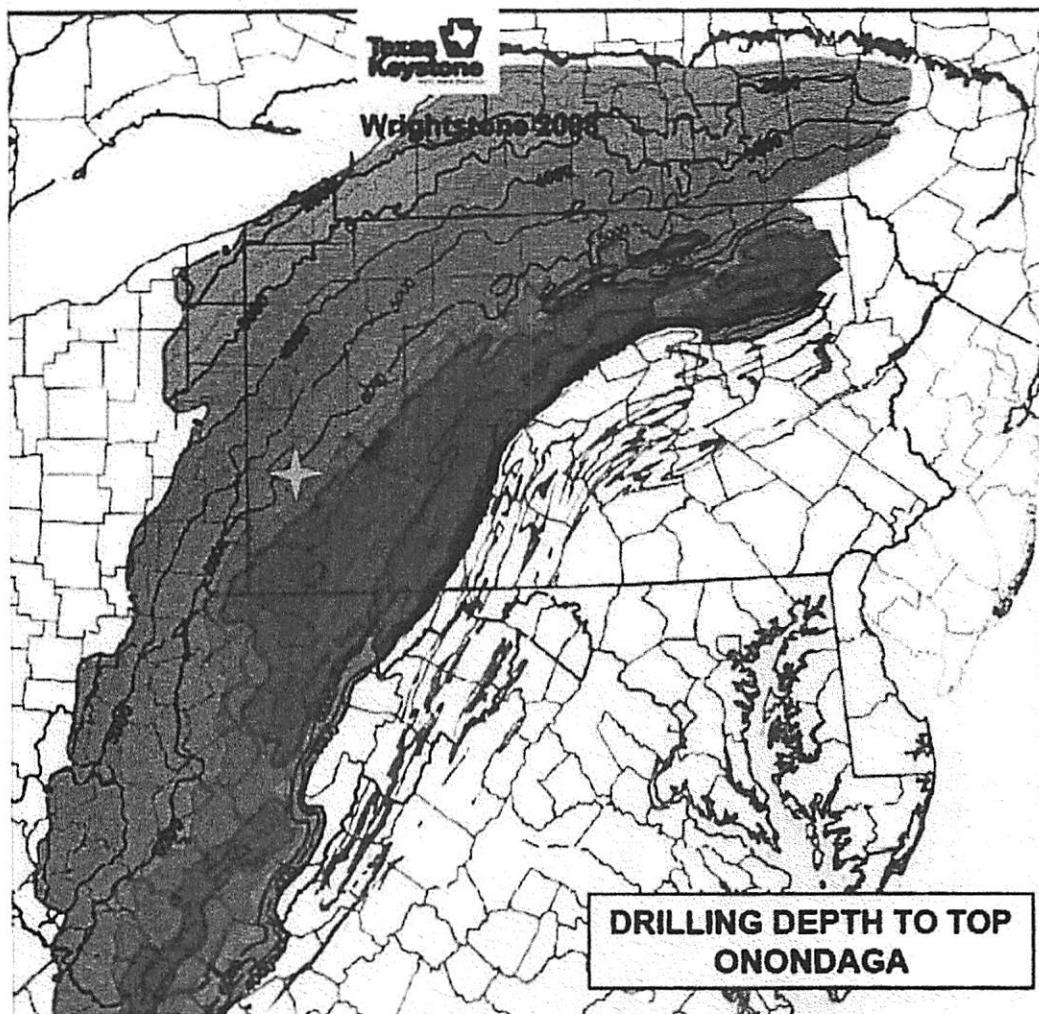


Figure 6: Drilling depths throughout western and northeastern Pennsylvania. From Marcellus Shale Geologic Controls on Production, G.R. Wrightstone, 2009. Yellow star depicts approximate location of the Crabtree prospect.

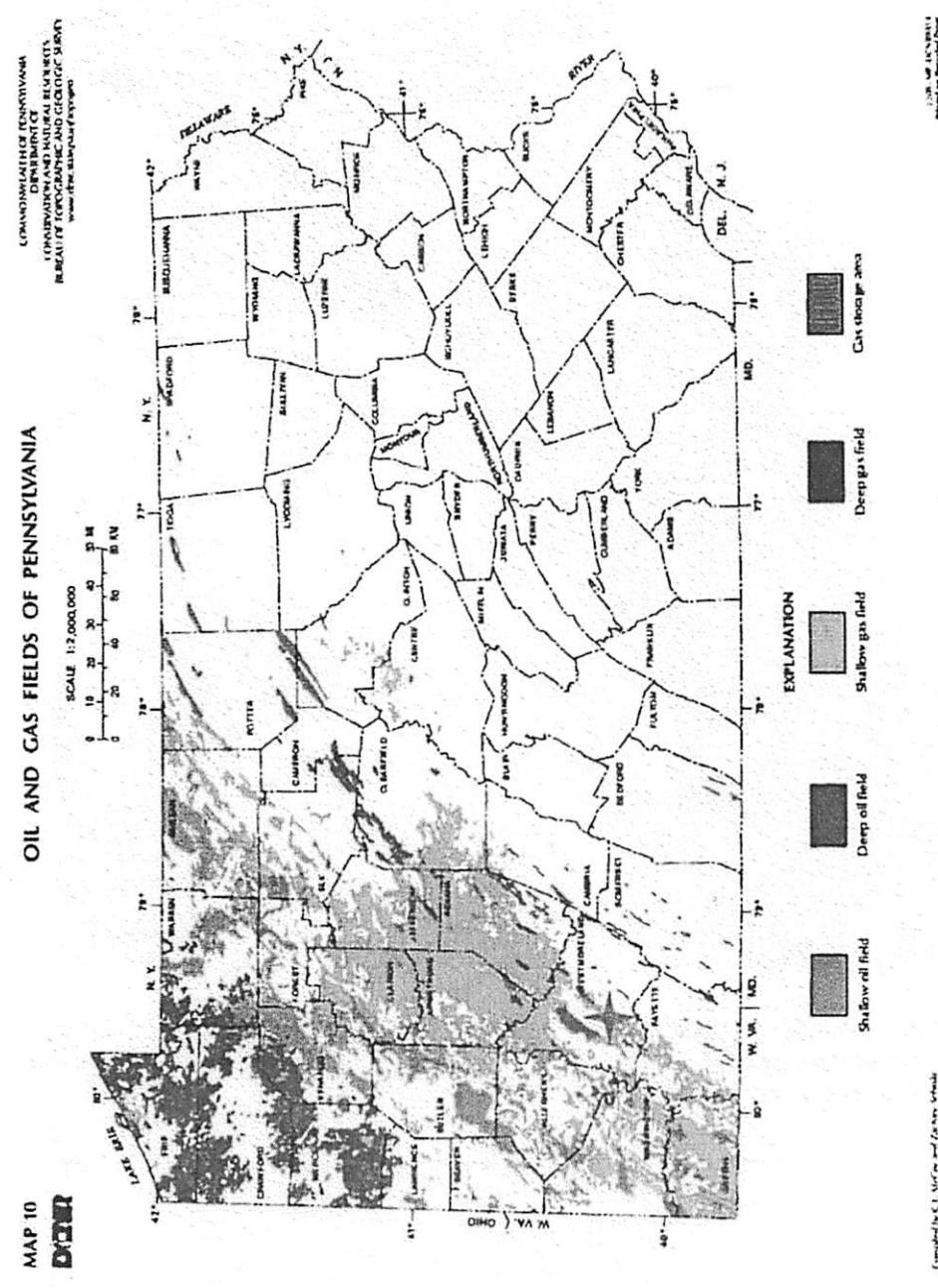


Figure 7: Oil and Gas Fields map of Pennsylvania. Pennsylvania Department of Conservation and Natural Resources, Map 10. The blue star depicts an approximate location of the Crabtree prospect.

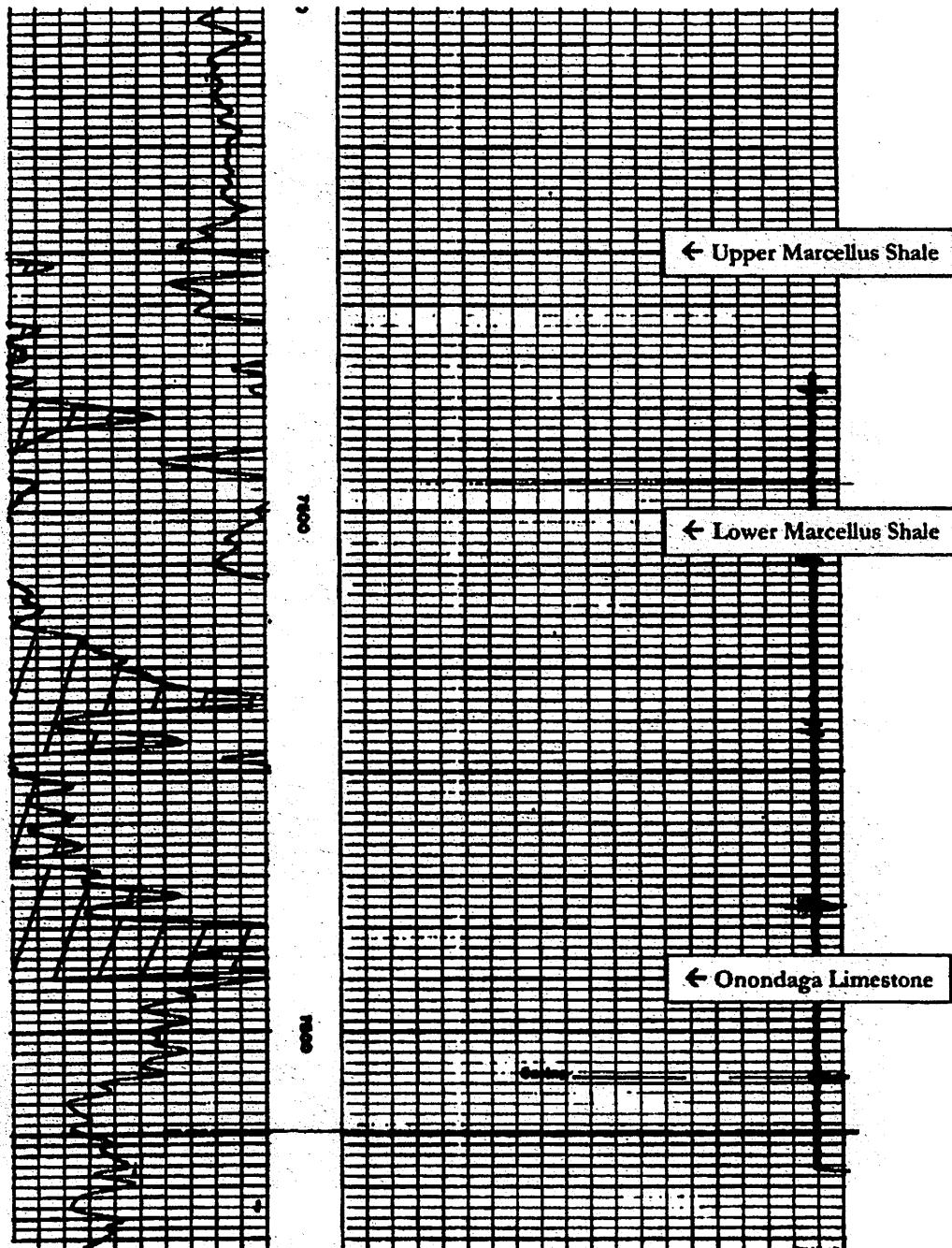


Figure 8: Marcellus shale in the W.H Haupt Co., G.M. Miller #1 (129-20396).
Approximately 140' section of total Marcellus shale (Upper Marcellus to Onondaga
Limestone). Well located in Unity Township, Westmoreland County, Pennsylvania.

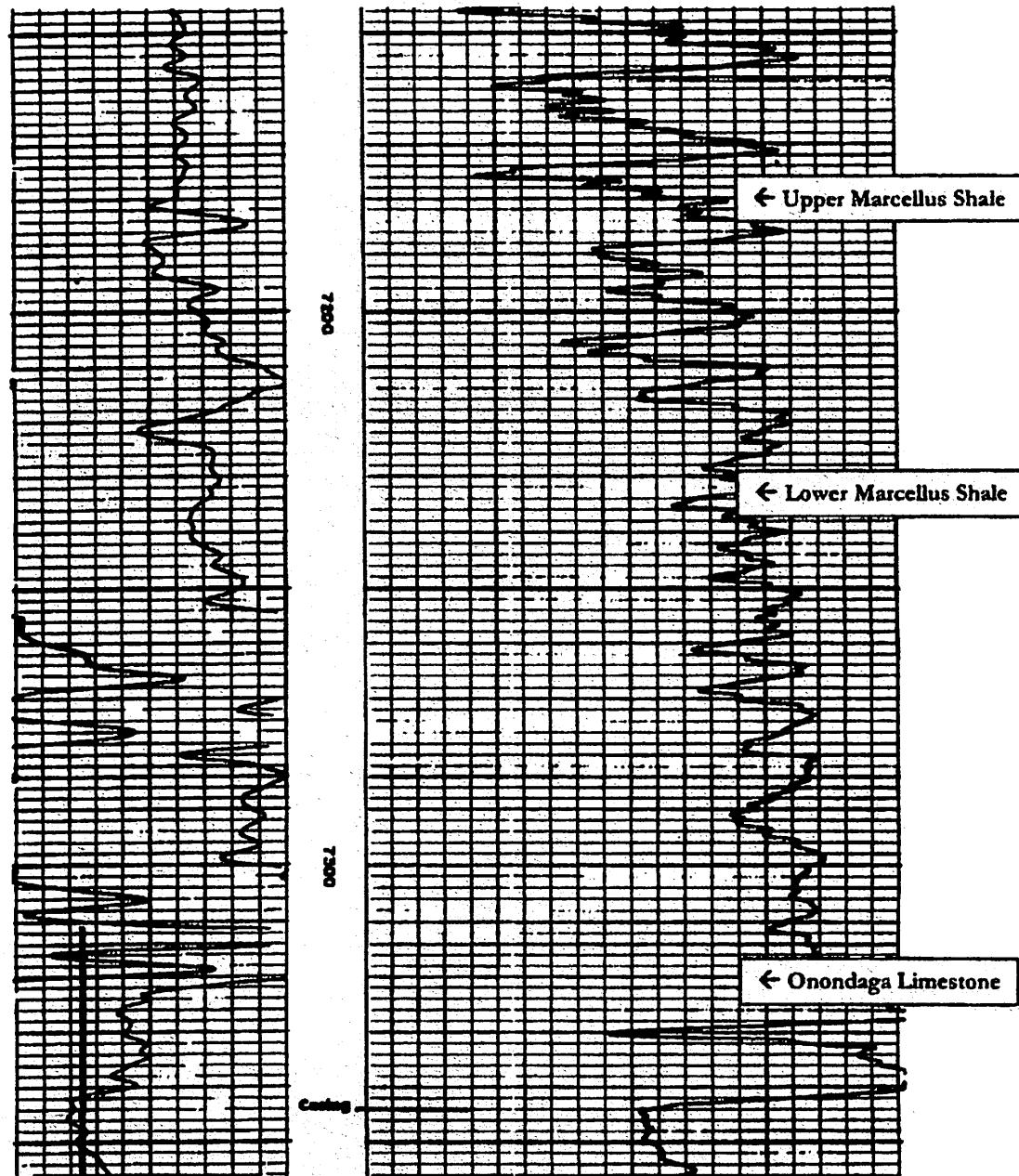


Figure 9: Marcellus shale in the Peoples Natural Gas Co., Eidemiller Enterprises, Inc. #1 (129-20405). Approximately 140' section of total Marcellus shale (Upper Marcellus to Onondaga Limestone). Well located in Unity Township, Westmoreland County, Pennsylvania.

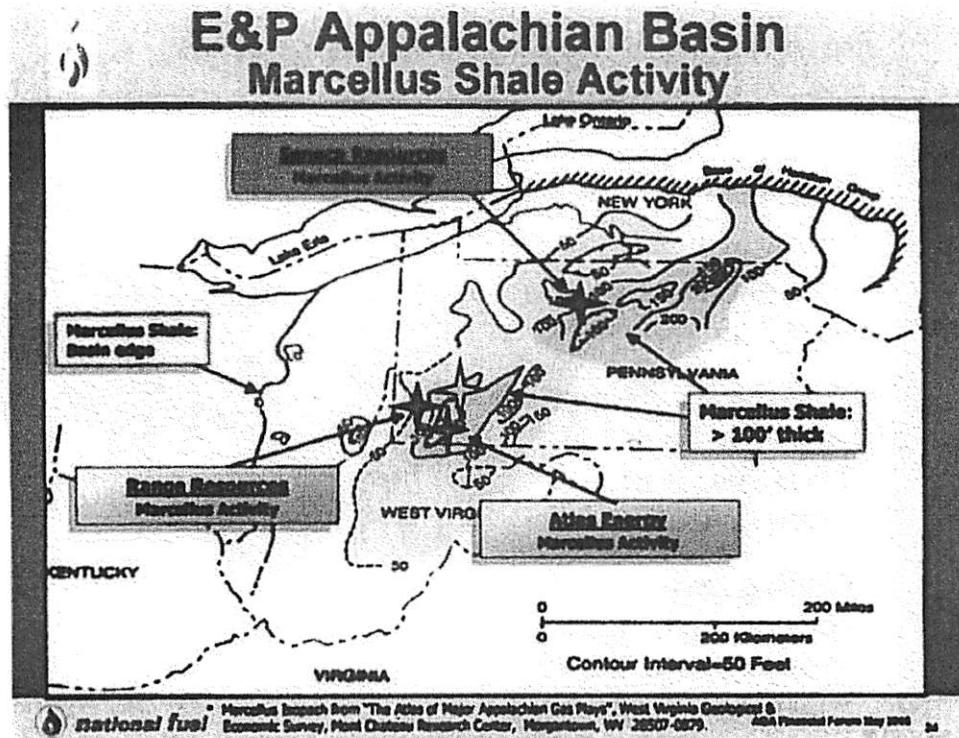


Figure 10: Map of recent activity near the Mieka Corporation's Crabtree Prospect (yellow star). From National Fuel Gas Co. SEC Form 8-K (5/2/2008).

Devonian Shale 2.5 Tcf Upside



- 314,000 acres leased
- 10 vertical wells and 3 horizontal wells to be tested by year-end
- First three vertical wells appear to have 600-1,000 Mmcfe of reserves each
- Finding and development costs expected to be \$1.40 based upon early tests

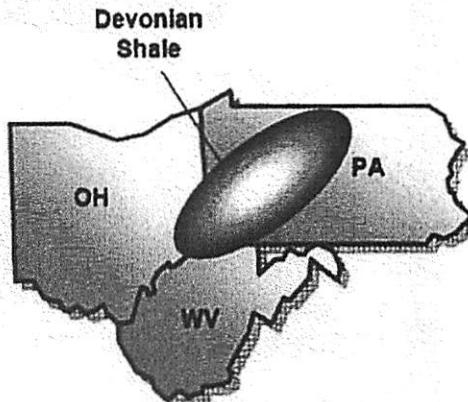


Figure 11: From Range Resources "Company Presentation: November 2006".

Range's Marcellus Position

- 320 wells have "de-risked" 390,000 of Range's acres in the Southwest
- Assuming 80 acre spacing, and that 80% of this acreage is drilled, this equates to 3,900 wells and 11.6 Tcfe net to Range

	Southwest	Northeast	Total
"Fairway" Acreage	~550,000	~350,000	~900,000
Net Reserves per horizontal well	3-4 Bcfe	3-4 Bcfe	3-4 Bcfe
Net Unrisked Potential			
Lower Range	16 Tcfe	5 Tcfe	15 Tcfe
Upper Range	18 Tcfe	7 Tcfe	22 Tcfe

Figure 12: From Range Resources "Company Presentation", Developing Unconventional Gas – East, October 19, 2009.

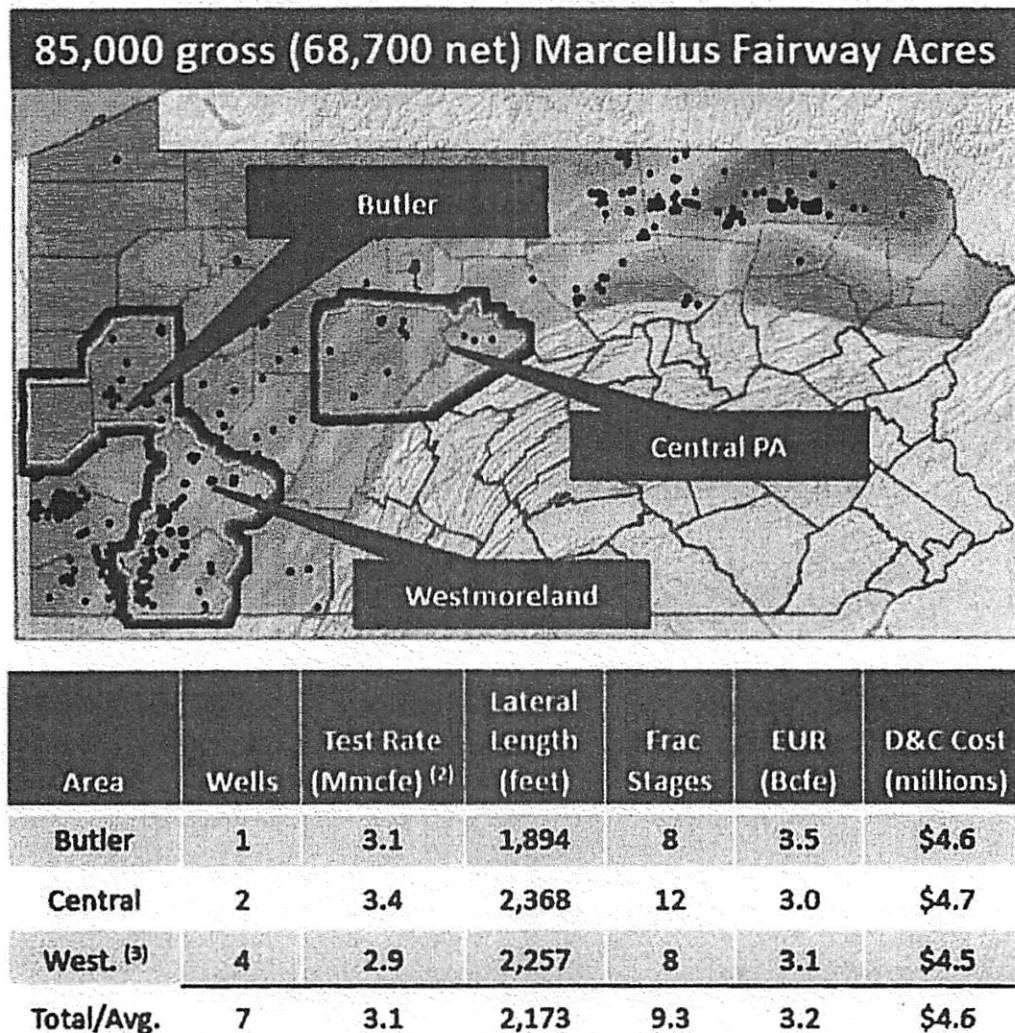


Figure 13: Rex Energy recent success, including wells drilled in Westmoreland County, PA. From a Rex Energy corporate presentation of March 3, 2010.

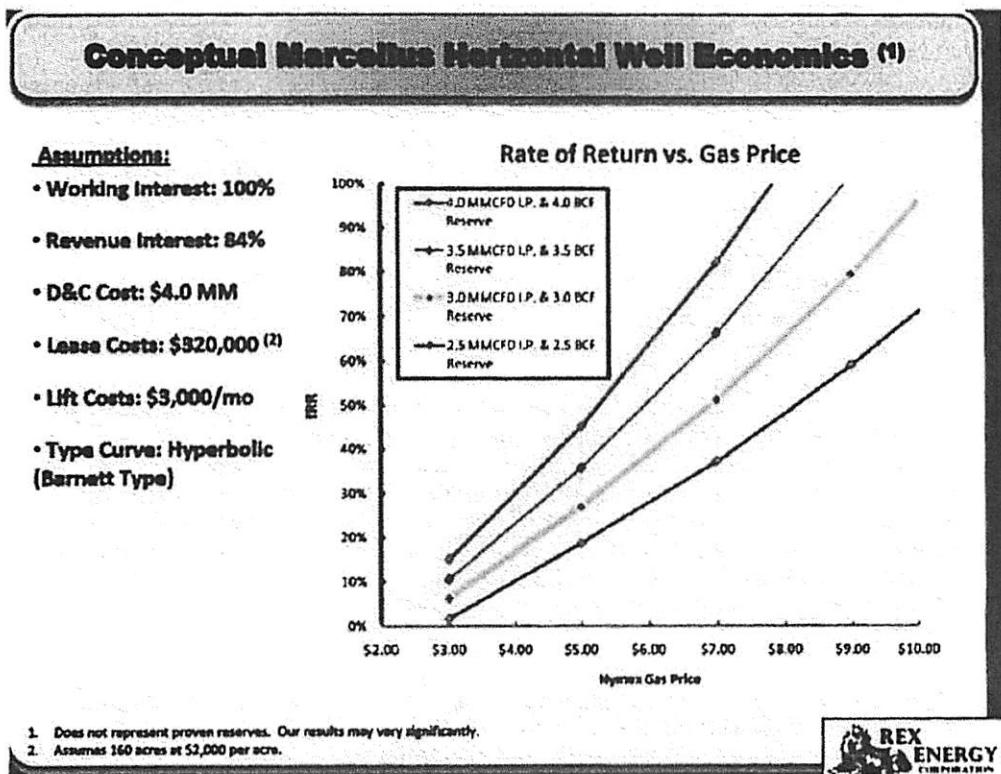


Figure 14: Conceptual economics of horizontal wells. Rex Energy is currently drilling horizontal wells in southwestern Butler County. From a Rex Energy corporate presentation of February 17, 2009.

quarter earnings release later this month. Based on the results to date, Range estimates that the gross average reserves per horizontal well are in the range of 3 to 4 Bcfe. In a development mode, Range anticipates that a typical Marcellus horizontal well will cost \$3 to \$4 million. Based on results to date, estimated finding and development costs range from \$0.90 to \$1.60 per mcf. Based on its current technical evaluation of the Marcellus Shale formation, Range estimates gas in place in the core SW and NE areas will range from 70 to 150 Bcf per section with variation attributable to thickness, depth, porosity, reservoir pressure and total organic carbon of the shales."

Atlas Energy Resources, LLC has also had success with its vertical wells drilled in southwestern Pennsylvania. From a February 21, 2008 press release, Range announced...

"Wright & Company, Inc., the Company's independent petroleum engineering consultants, has evaluated Atlas Energy's first 14 southwestern Pennsylvania Marcellus wells and assigned proved reserves that averaged 961 million cubic feet ("Mmcf") per well. These wells included 5 initial wells where the Company utilized first generation completion techniques. For the 9 subsequent wells where Atlas Energy implemented its advanced drilling, completion and production techniques, Wright & Company assigned reserves that averaged 1.3 billion cubic feet ("Bcf") per well and were as high as 1.8 Bcf. These results imply finding and development costs of approximately \$1.00 per thousand cubic feet ("mcf")."

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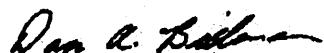
Conclusions

Billman Geologic has not reviewed the specific locations to be drilled by Mieka Corp. Mieka's locations have not been spotted, acreage and potential locations have not been field checked and Billman Geologic has not verified title on the leases.

Range's success with vertical Marcellus Shale wells ranged from 0.6 to 1.0+ BCF and Atlas Energy's success with vertical wells ranged from 0.961 to 1.8 BCF. Based on these wells it would be reasonable to assume Mieka would encounter similar results, with potential locations that could produce an average of approximately 0.75 to 1.3 BCF per well, similar to Atlas' results.

It is not possible to classify Mieka's locations as "proven, possible or probable". However, the data reviewed indicates that the entire Mieka Corporation acreage position is within the "accepted" Marcellus Shale fairway and has potential for Marcellus Shale production.

Respectfully submitted by:



Dan A. Billman, PG, CPG
President, Billman Geologic Consultants, Inc.

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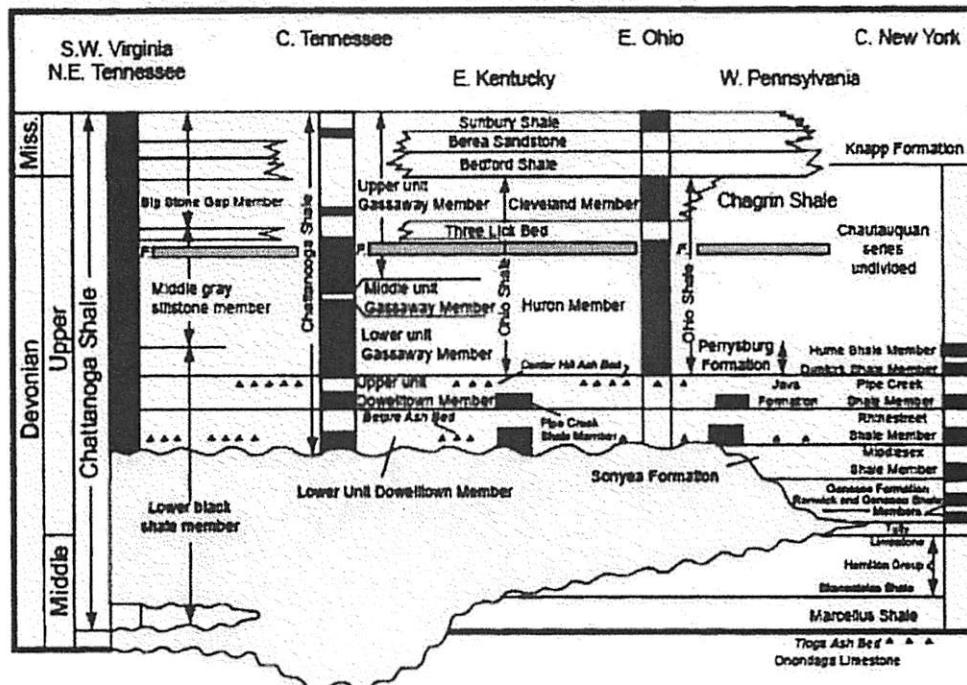


Figure 6. Correlation of Devonian and Mississippian black gas shales and some related rocks in the Appalachian basin (slightly modified from deWitt and others (1993). F = Foerstia zone; ▲, ash bed.

Figure 1: Stratigraphic chart of the Marcellus shale. From Assessment of Natural Gas Resources in Devonian Black Shales, Millici, 2005.

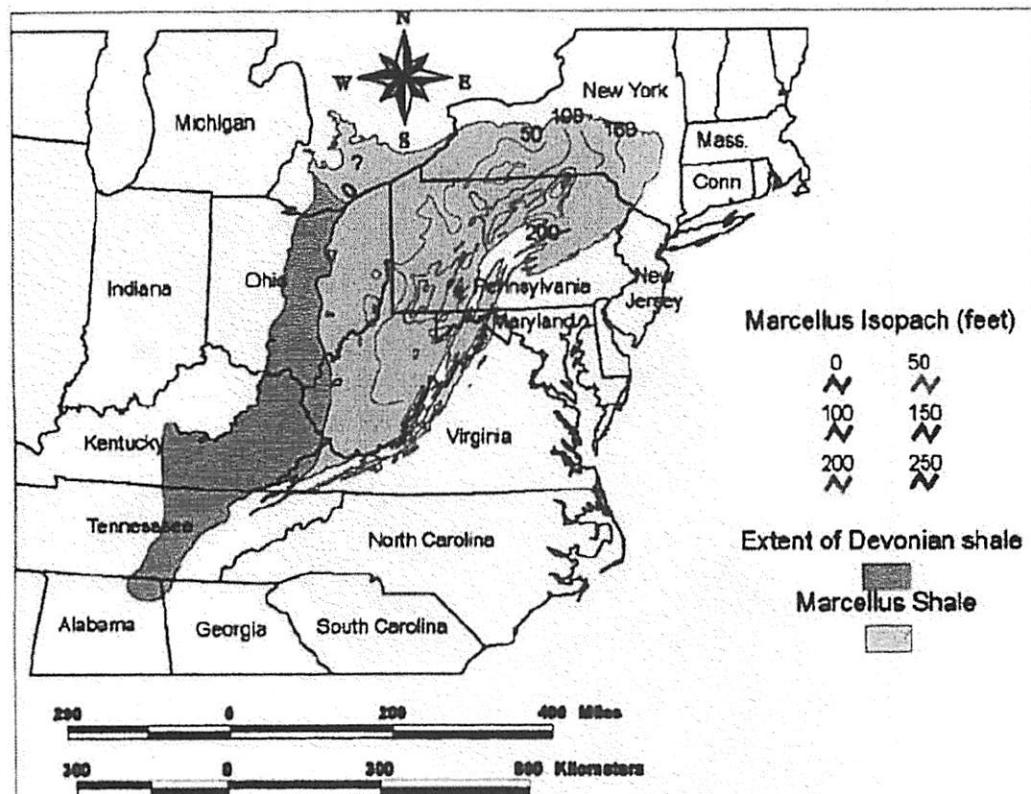
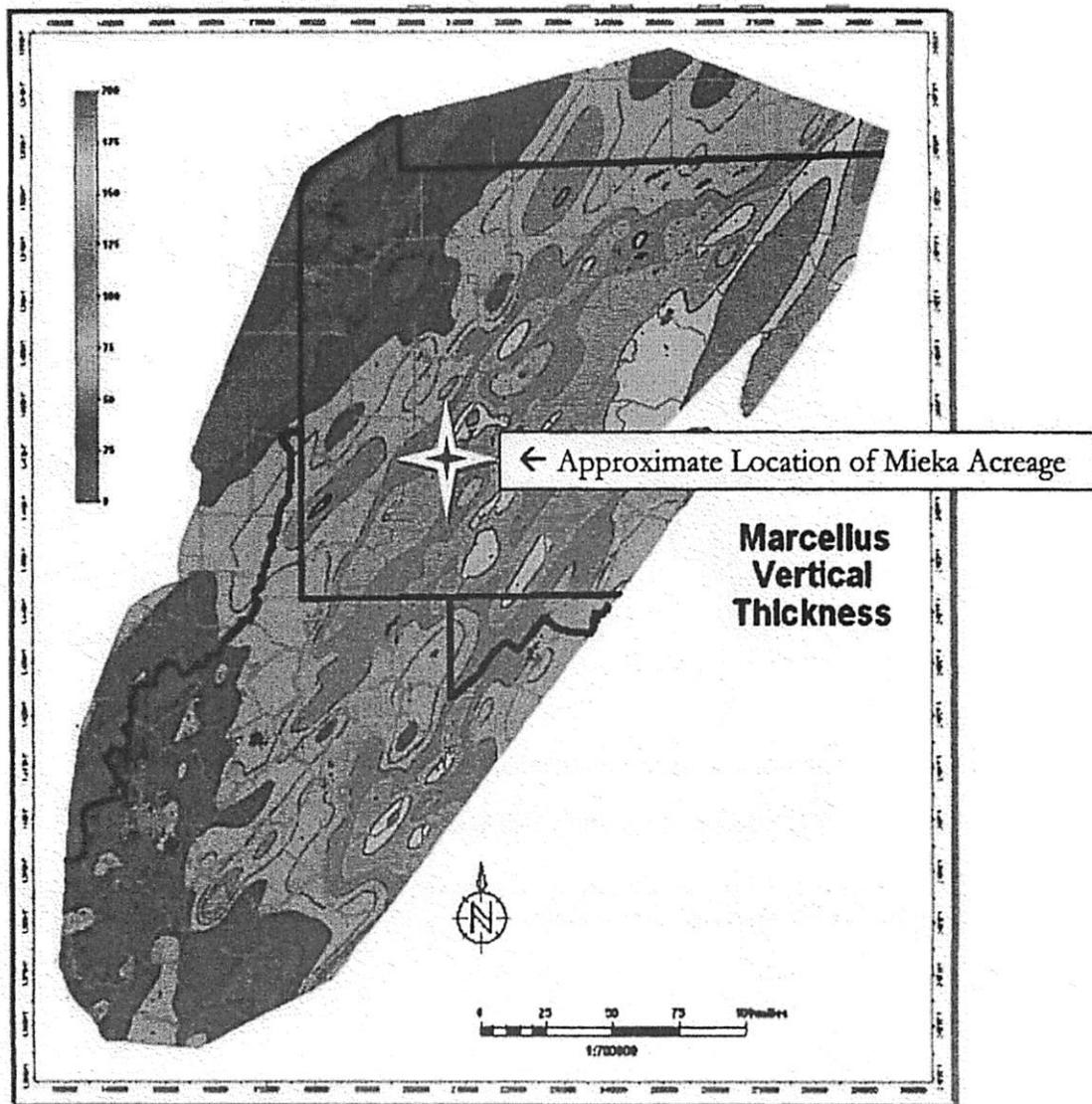


Figure 2: Marcellus fairway (Gray shaded area). From Assessment of Natural Gas Resources in Devonian Black Shales, Millici, 2005.



Schlumberger

SLB DCS
4/24/2008

Figure 3: Marcellus thickness isopach from: "Marcellus Shale: A Technology-Driven Gas Play", J.R. Williamson and K.J. Walker, Schlumberger, 4/24/2008.

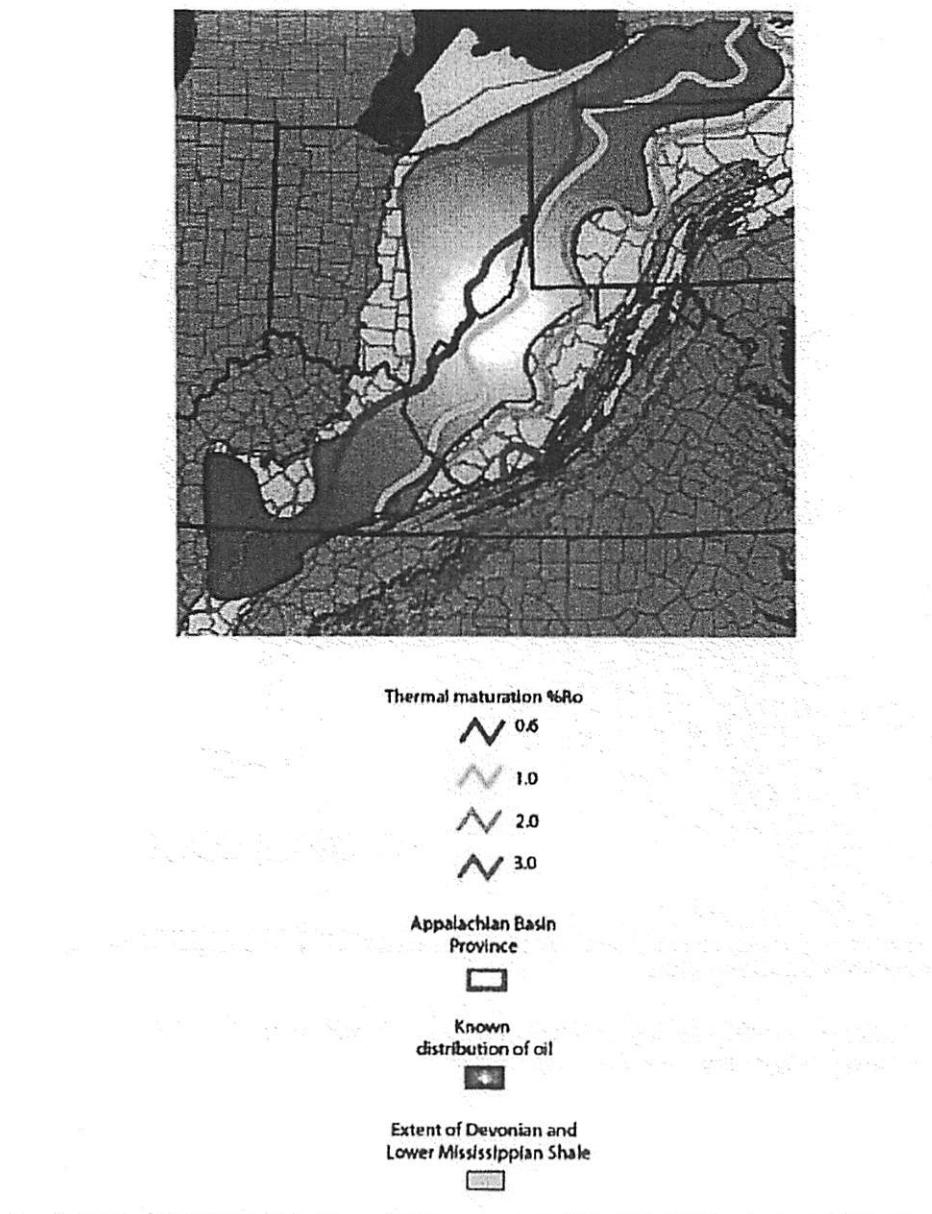


Figure 4: Thermal Maturation (%Ro) of the Devonian Section. From: Millici and Sweezy, 2006, USGS publication #1237.

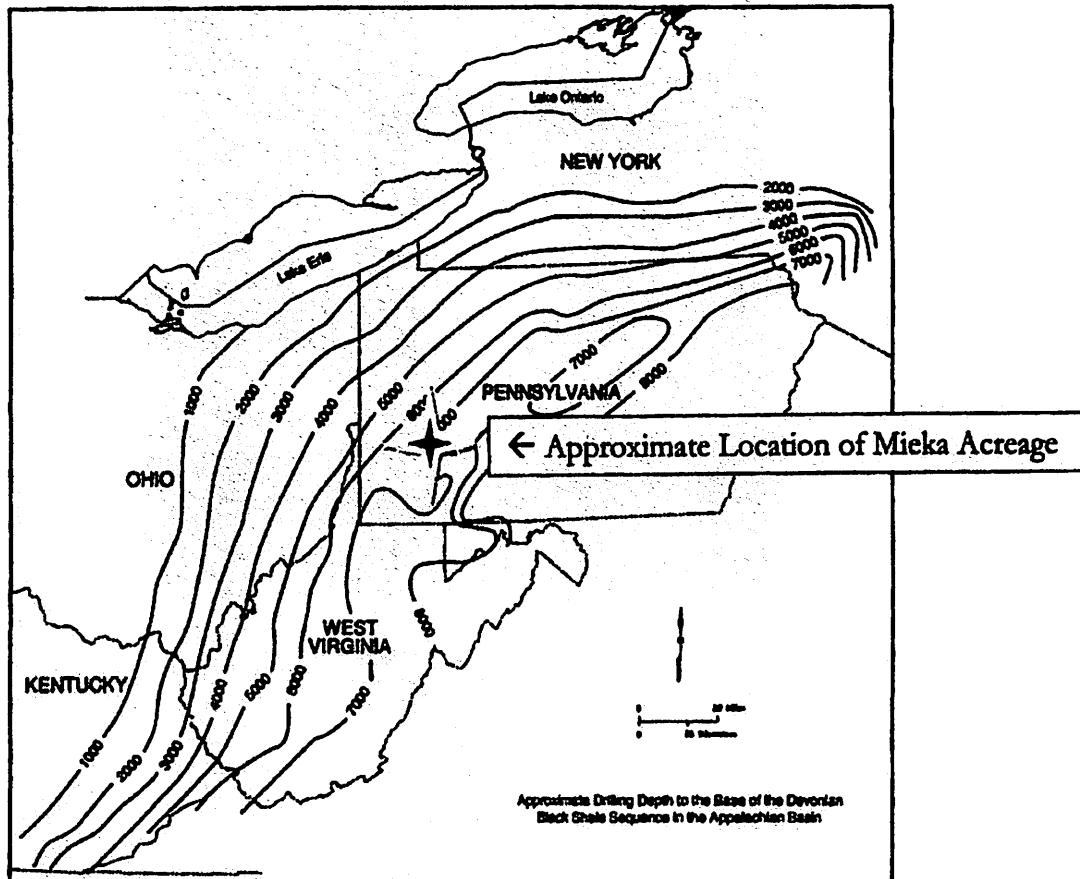


Figure UDs-18. Drilling depth in feet to the base of the Devonian black shale sequence. Modified from de Witt and others (1993).

Figure 5: Drilling depths throughout central Pennsylvania. From The Atlas of Major Appalachian Gas Plays, DOE/GRI, 1996.

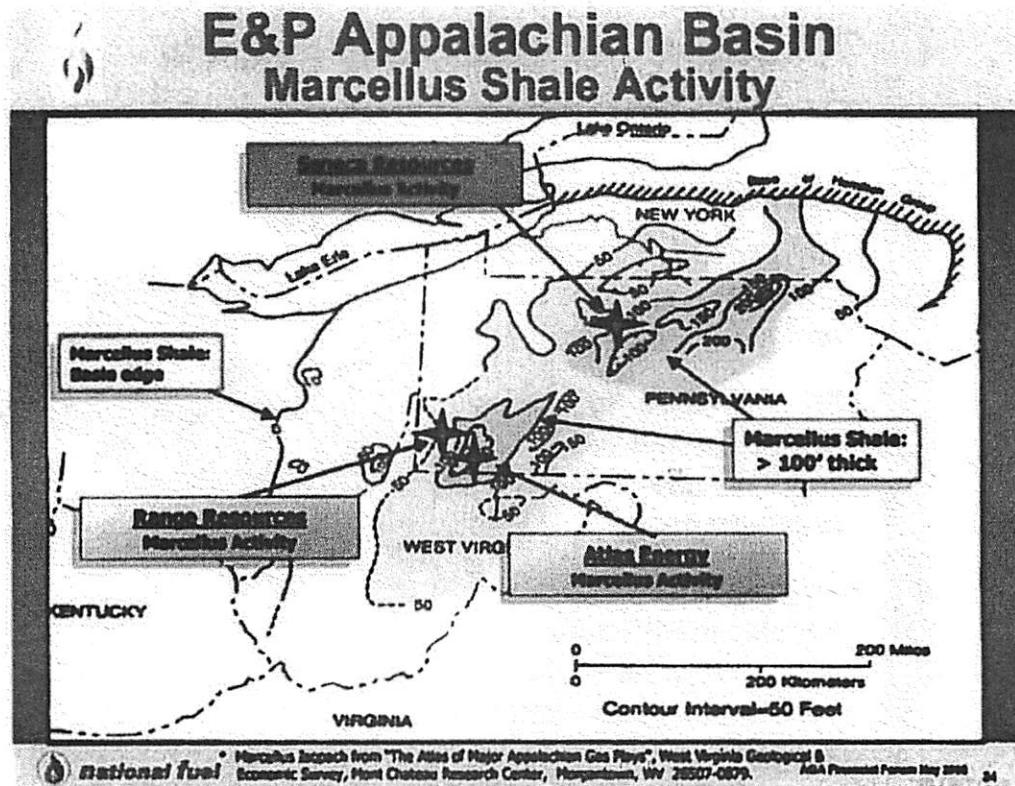


Figure 6: Map of recent activity south and north of the Mieka Corporation Acreage position. From National Fuel Gas Co. SEC Form 8-K (5/2/2008).

Devonian Shale 2.5 Tcf Upside



- 314,000 acres leased
- 10 vertical wells and 3 horizontal wells to be tested by year-end
- First three vertical wells appear to have 600-1,000 Mmcfe of reserves each
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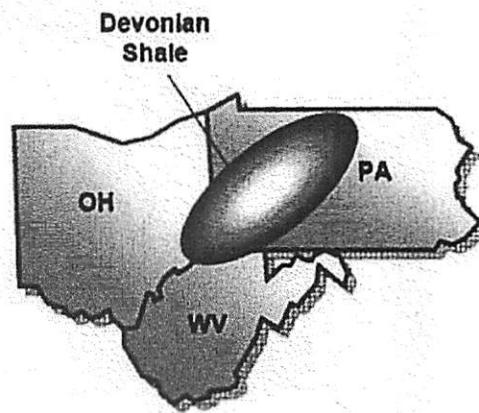


Figure 7: From Range Resources "Company Presentation: November 2006".

Atlas Energy Resources, LLC Announces Horizontal Marcellus Shale Well with Initial R... Page 1 of 3

6

[Return to Previous Page](#)

Atlas Energy Resources, LLC Announces Horizontal Marcellus Shale Well with Initial Rate of Production of 10.1 Mmcf Per Day

5-6-09 10:15 AM EST

Atlas Energy Resources, LLC (NYSE:ATL) ("Atlas Energy" or "the Company") announced today that its third horizontal Marcellus Shale well had achieved an initial 24-hour rate into a pipeline of 10.1 million cubic feet of natural gas equivalents ("Mmcfe"). Company Chief Executive Officer Edward B. Cohen noted that "I am very proud of our greatly-strengthened Marcellus drilling and completion teams which have achieved this incredible result so early in our now greatly expanded horizontal Marcellus program. We were pleased by our first two Marcellus horizontal wells, whose results were quite satisfactory as initial efforts, but the present success -- coming so early in our program -- augurs, I believe, Atlas's emergence as a major player in the horizontal development of the Marcellus Shale. We now look forward to early announcement of the results from our next 5 horizontal wells already drilled and cased...we are truly excited."

Atlas Energy has now successfully drilled and cased eight horizontal Marcellus Shale wells in southwestern Pennsylvania since commencing its horizontal drilling program in the fourth quarter of 2008. Three of these wells have been turned into line and have achieved an average initial rate of production of approximately 5 Mmcfe over a 24-hour period. During the remainder of 2009, the Company plans to turn into line an additional 12 horizontal Marcellus Shale wells, including the five horizontal wells already drilled and cased. All of these wells will be drilled as joint ventures, through the Company's drilling programs or with industry partners. Upon closing of the recently announced merger with Atlas America, Inc. (NYSE:ATL), Atlas Energy intends to commence a horizontal drilling program in the Marcellus Shale solely for its own account. The Company intends to drill at least 24 horizontal Marcellus Shale wells for its own account during 2010.

Richard D. Weber, President and Chief Operating Officer, noted that Atlas' success in horizontal drilling complements its industry-leading position in vertical Marcellus production: "After pioneering the two-stage frac technique for vertical wells, we now lead the industry with an average initial 24-hour rate of production of 2 Mmcfe per day. With one of the leading technical and operating teams in the Marcellus Shale and 546,000 Marcellus acres, 274,000 of which are largely delineated in the sweet spot of southwestern Pennsylvania, we now expect the same leading results from our horizontal program."

Atlas Energy Resources, LLC is one of the largest independent natural gas producers in the Appalachian and Michigan Basins. The Company is also the country's largest sponsor and manager of tax-advantaged energy investment partnerships that finance the exploration and development of the Company's acreage. For more information, visit [Atlas Energy's website](http://www.atlasenergyresources.com) at www.atlasenergyresources.com or contact Investor Relations at InvestorRelations@atlasenergy.com.

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July 21st, 2009

The hottest natural gas boom in the world isn't in Russia, Canada, or even the Middle East.

It's right here in the U.S. (and it's not Fort Worth's Barnett Shale).

You see, East Coast's Appalachia plays home to the Marcellus gas formation, which sits over a mile underground and stretches southwest from New York, through Pennsylvania, and into West Virginia.

Known as "the most drilled but least explored" basin in the world, the Marcellus formation has just hit a boiling point.

A previous study reports that the Marcellus formation holds a whopping 168 trillion cubic feet of natural gas in place. And those are conservative figures. It turns out the total amount of gas in the Marcellus play is even bigger.

Experts now believe the Marcellus formation may contain up to 1,300 trillion cubic feet of natural gas! The new estimate certainly has producers turning their heads toward the Appalachians.

And just like the success we saw in the Barnett shale deposit, new extraction techniques in horizontal drilling and hydraulic fracturing have given a massive boost in productivity to Marcellus gas wells.

For investors, the Marcellus play is just beginning... And a few of our favorite Barnett companies are leading the way this year.

MARCELLUS DRILLING NEWS

Landowner News & Resources – Drilling for Natural Gas in the Marcellus Shale

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The Reason Big Oil is Getting Gassy

An *Economist* article republished in the *Winnipeg Free Press* does a good job of explaining why natural gas is on the ascendency in the energy universe, and why oil will soon be in decline. Need evidence? Last year, seven of eight Exxon Mobil projects that were completed were natural gas projects. This year two of three scheduled projects are natural gas related. Royal Dutch Shell says by 2012 half (50 percent) of its energy output will come from natural gas.

What's caused this shift from oil to gas in the world's largest energy companies?

In part, this is because oil is getting harder to find, for geological and political reasons. Global oil production will peak within a few decades, if not before. And the remaining "easy oil," which can be extracted without fuss or expense, is increasingly out of bounds for western firms.

*Almost 90 per cent of it is in the hands of national oil companies which have, with few exceptions, blocked western giants from their fields. This is forcing Big Oil into thicker and pricier areas, notably deepwater fields such as those in the Gulf of Mexico and off Africa's west coast, and unconventional reserves such as Canada's tar sands. Hence the appeal of gas, and a string of deals in Australia and America.**

The article is a quick read, and will give you a good background for the developing energy landscape, and why shale gas is so important for America.

*Economist, via *Winnipeg Free Press* (July 5) – Natural gas natural alternative for oil giants

No related posts.

Jim on July 6, 2010 | Filed Under [Industrywide Issues](#)

One Comment



ADD1984 on July 13th, 2010

Yes the reality of the real world slowly sets in, and how we love to have heat in the winter, and cool our houses in the summer. Less than one percent of total energy demand is supplied by alternative energy, and the best estimates are that it will take the better part of the next century to convert.

But lets not drill for gas, because it will meet our domestic energy needs for the next century. Better to fight energy wars in the middle east after all its not Mr. Irachugger beamer guys did that will die. Much better to make up "Alice in Wonderland" scenarios about the dangers of hydrofracking.

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Wall Street Journal Predicts Shale Gas Will Rock the World

Today's *Wall Street Journal* includes a special section on energy, and the lead story, taking up the entire front page and continuing inside, is titled, "How Shale Gas Is Going to Rock the World." The article is written by Amy Myers Jaffe, a Fellow in Energy Studies at Rice University. Ms. Jaffe writes a stellar article that shows how shale gas, if not derailed by environmental extremists, will be THE energy story of the next several decades. MDN highly recommends you read this article (generally requires a subscription, but this special supplement is free and open for now—read it while you can).

Here's a couple of paragraphs from the article to give you a taste:

We've always known the potential of shale: we just didn't have the technology to get to it at a low enough cost. Now new techniques have driven down the price tag—and set the stage for shale gas to become what will be the game-changing resource of the decade.

*I have been studying the energy markets for 30 years, and I am convinced that shale gas will revolutionize the industry—and change the world—in the coming decades. It will prevent the use of any new carbon. It will alter geopolitics. And it will spur the transition to renewable energy.**

And no, slowing the adoption of renewable energy is not a negative—it's a positive—because it will give renewable technologies time to develop without having to be heavily subsidized with our tax dollars and forced on us by a nanny state government. That is, natural gas is a bridge that will allow the free market (in renewable energy) to take its course naturally. Gotta love capitalism! Capitalism is superior to any other economic system in the world—and Ms. Jaffe shows us why.

**Wall Street Journal* (May 10) – Shale Gas Will Rock the World

Related posts:

1. [Binghamton Press & Sun-Bulletin Runs Wall-to-Wall Coverage of Marcellus Drilling Debate](#)
2. [The Reason Big Oil is Getting Gassy](#)
3. [PA Gov. Rendell Predicts His Proposal to Tax Marcellus Shale Gas is DOA](#)

Jun 10, 2010 | Filed Under [Industry](#) [Industry Issues](#)

3 Comments



D. MacInnes on May 11th, 2010

The unconventional high volume hydraulic fracturing drilling process used to extract natural gas in deep shale endangers our water resources and contaminates air. It leaves devastation in its wake. As investors, we must give the industry a wake up call. Proxy votes have been received by EXXON/MOBILE shareholders. Vote FOR proxy votes 3 through 13.



Jim B. on May 11th, 2010

Thanks for leaving your opinion/comment D. MacInnes. I encourage people both for and against to leave comments. But I need to correct your misstatements. The technology is not "unconventional" — it's been around for 60 years and countless thousands of wells have used it in the drilling process. It does not endanger water resources, and equally the process does not contaminate the air. I would recommend people vote against proxy votes 3 through 13, which is what I would do if I were a stockholder in Exxon/Mobil.



Jim B. on June 10th, 2010

Thank you Jim for your kind and informative response to D. MacInnes's concerns. As a former Regional Director and Newsletter Editor of the Sierra Club in Texas I eventually learned that it was not about making things work, it was about shutting things down.

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East Resources Sells to Royal Dutch Shell for \$4.7 Billion, Deal Includes All of East's Marcellus Shale Operations

East Resources, a major drilling company in the Marcellus Shale, especially in Pennsylvania, is selling itself to Royal Dutch Shell for a whopping \$4.7 billion. From drilling a single horizontal Marcellus Shale gas well in 2009, East has drilled some 75 horizontal wells in the past 12 months. East did have plans to drill 6,000-7,000 wells in Tioga County, PA over the next "several years" (see this MDN story). No word on the planned drilling for Tioga County and other regions, but MDN assume Shell did not invest in East to not drill. In fact, the pace of drilling may well pick up with Shell's investment.

From the [East Resources press release](#):

East Resources, Inc., a Pennsylvania-based independent oil and gas producer and one of the most active explorers in the Marcellus Shale, along with its private equity investor Kohlberg Kravis Roberts & Company, signed a definitive agreement to sell the company's principal subsidiaries to an affiliate of Royal Dutch Shell plc ("Shell") for cash consideration of \$4.7 billion. The sale includes East's natural gas and oil exploration and production operations and most of its holdings in related businesses. With the purchase of East Resources, Shell will acquire approximately 650,000 net acres of Marcellus Shale rights in Pennsylvania, West Virginia and New York, and 1.05 million acres in total.

East Resources, founded in 1983 by Terrence M. Pegula, has been one of the Appalachian Basin's most active exploration and production companies for more than 25 years. Since its inception, East has grown primarily through its exploration successes, several strategic acquisitions, and most recently the development of the Marcellus Shale.

East Resources employs approximately 300 office and field personnel in Pennsylvania, West Virginia, New York and Colorado. Its principal offices are located in Warrendale, PA, Broomfield, CO and Parkersburg, WV. Shell will continue to operate with East's workforce to ensure continuing success in the growth and development of the reserves it will acquire in the purchase.

The sale of East Resources to Shell is expected to close in two phases. The first phase of the sale will be completed in mid- to late summer. The second phase of the sale, including the sale of the West Virginia business, will close later this year, pending certain regulatory approvals.

"The sale of the company to Shell will ensure that the capital needed to develop East's significant Marcellus Shale holdings will be available," says Mr. Pegula, East's owner and Chief Executive Officer. "Shell's entry into the region should benefit Pennsylvania, West Virginia and New York through significant new capital investment, new jobs and new business opportunities. I am very proud that this transaction has brought Shell into the Appalachian Basin."

President of Shell Oil Company, Marvin Odum commented, "East Resources' management has built an excellent organization which we are pleased to have as we enter the northeast US and specifically the Marcellus Shale play."

[*East Resources Press Release \(May 26\) – East Resources Inc announces sales agreement with Royal Dutch Shell plc](#)

Related posts:

1. [East Resources Donates \\$50K to Tioga County, PA 4-H in Goodwill Gesture](#)
2. [National Fuel Does Pipeline Deal with Statoil and East Resources to Move Marcellus Shale Gas to Canadian & Northeast US Markets](#)
3. [East Resources Predicts 6,000-7,000 New Wells for Tioga County, PA in Next Few Years](#)

Join on June 1, 2010 | Filed Under East Resources, Energy Companies, New York, Pennsylvania, Shell, Statewide NY, Statewide PA, Statewide WV, Tioga County (PA), West Virginia

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Major Transaction: CONSOL Energy Buys Dominion Resources Appalachian Business, Inc. Page 1 of 5

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Major Transaction: CONSOL Energy Buys Dominion Resources Appalachian Business, Including Marcellus Gas Operations, for \$3.475 Billion

CONSOL Energy of Pittsburgh today announced it is buying the Appalachian exploration and production operation of Dominion Resources. Dominion's Marcellus Shale drilling operations are part of the transaction. CONSOL is paying \$3.475 billion in cash.

Dominion currently has leases on approximately 500,000 acres in the Marcellus Shale. Added to CONSOL's existing 250,000 acres (which belong to CNX Gas, another CONSOL company), the new total acreage controlled by CONSOL will be 750,000. Dominion's large Marcellus acreage was one of the key attractions for CONSOL.

The total acreage CONSOL is buying from Dominion for both oil and gas totals 1.46 million acres, along with 9,000 active oil and gas wells. Dominion's operation was once part of John D. Rockefeller's Standard Oil company.

CONSOL will add 193 employees from Dominion's Appalachian operation to its own payroll when the deal closes, which is expected to happen at the end of April.

For more details, see the press release:

[CONSOL Energy to Acquire Dominion's Appalachian E&P Business for \\$3.475 Billion in Cash](#)

Related posts:

1. [Dominion Signs Deal to Transport CONSOL Marcellus Shale Gas for Next 15 Years](#)
2. [CONSOL/CNX Gas Will Drill Two Dozen Horizontal Marcellus Gas Wells in 2010, Now Holds Leases on 750,000 Acres](#)
3. [CONSOL Energy Building Coal Mine Acid Water Treatment Plants to Produce Water for Marcellus Shale Drilling](#)

Jun 10 March 15, 2010 | Filed Under CNX Gas, CONSOL Energy, Dominion Exploration, Energy Companies

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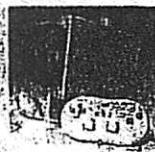
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THE WALL STREET JOURNAL.

THE

Exxon Wagers \$31 Billion on Gas Deal

By RUSSELL GOLD

Exxon Mobil Corp. placed a \$31 billion bet that natural gas will play a critical role in the world's future energy needs, saying it would purchase XTO Energy Inc. in an all-stock deal.

In making its first major acquisition since the megadeal that created Exxon Mobil in 1999, the company is positioning itself to recast the global debate over energy policy.

The Exxon-XTO pact marks the latest in a recent resurgence of mergers and acquisitions. The value of U.S. deals last month topped \$83 billion, nearly three times October's \$30 billion, and included Warren Buffett's \$26.3 billion decision to buy Burlington Northern Santa Fe Corp., his largest acquisition ever.

And with this month's only

half over, the value of deals is more than triple that of December 2008, getting a jolt from Comcast Corp.'s purchase of NBC Universal from General Electric Co. in a roughly \$30 billion deal.

For Exxon, the world's largest publicly traded oil company, the XTO purchase signals that it expects the primacy of petroleum to wane somewhat. The deal essentially will turn the smaller XTO into a new business unit focused on the development of natural gas being discovered in dense rock formations around the globe.

Much of the world's remaining oil lies in the hands of countries unwilling to split profits with foreign companies. Meanwhile, other sources of energy, such as coal, face environmental constraints, and renewable en-



ergy remains too small a contributor to have much impact on revenue in the near term.

That leaves natural gas as the

fuel expected to grow quickly in a world demanding more—and cleaner—energy. Natural gas is expected to have an advantage over other fuels as a price is put on carbon emissions, said Rex Tillerson, Exxon's chairman and chief executive.

While oil still is the world's largest single fuel source, its dominance is slipping. Oil accounted for 36% of the global energy mix in 2000, but only 34% in 2007, according to the International Energy Agency. Natural gas remained constant at 21% over the same period, and over the next two decades, gas demand is expected to grow 1.5% a year. Oil's growth is pegged at 0.9%. A global effort to constrain carbon emissions, also would favor natural gas, the IEA says.

By acquiring a big source of natural-gas production in the

U.S., Exxon is expected to take a more active role in the debate over energy policy.

"Exxon will likely become a major advocate for gas as the preferred source of energy in the U.S.," said Neil McMahon, an energy analyst with Sanford C. Bernstein. The combined company will likely become the largest gas producer in the U.S.

Exxon executives already are trumpeting that natural gas, produced in the U.S., will improve energy security and create jobs. The company could press to make natural-gas use more common in businesses ranging from electric-power generation to long-distance trucking.

T. Boone Pickens, who is pushing Washington to encourage the use of natural gas, especially in transportation, said he

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